

Revenue

▲ up 15%

Operating profit

▲ up 30%

Headline earnings per share

▲ up 43%

Distribution per share

▲ up 67%

Free operating cash flow per share

▲ up 11%



# INTERIM RESULTS for the six months ended 30 June 2007

## CONDENSED CONSOLIDATED INCOME STATEMENT for the six months ended 30 June 2007

(R'000)	Percentage increase	Unaudited 6 months to 30 June 2007	Unaudited 6 months to 30 June 2006	Audited 12 months to 31 Dec 2006
Revenue	15%	475 050	413 349	830 129
Earnings before Interest, Taxation, Depreciation and Amortisation (EBITDA)	29%	87 953	68 043	149 038
Operating profit	30%	71 767	55 131	122 284
Net interest received		7 204	3 171	5 539
Interest received		9 054	5 116	9 399
Finance costs		(1 850)	(1 945)	(3 860)
Profit before taxation	35%	78 971	58 302	127 823
Taxation		(23 928)	(18 092)	(38 545)
<b>Profit for the period</b>	37%	<b>55 043</b>	<b>40 210</b>	<b>89 278</b>
Attributable to:				
Equity holders of the parent		53 508	38 646	86 332
Minority interest		1 535	1 564	2 946
		<b>55 043</b>	<b>40 210</b>	<b>89 278</b>
<b>Earnings per share</b>				
Basic (cents)	37%	14.4	10.5	23.5
Diluted (cents)	40%	13.7	9.8	22.5
<b>Headline earnings per share</b>				
Headline earnings	2	53 434	37 200	83 526
Basic (cents)	43%	14.4	10.1	22.7
Diluted (cents)	46%	13.7	9.4	21.8
Number of shares in issue ('000)		393 665	393 665	393 665
Diluted number of shares ('000)		389 591	393 779	382 887
Weighted average number of shares in issue ('000)		371 297	368 188	367 996
Net asset value per share (cents)	23%	90.1	73.4	83.1
Free operating cash flow before capex per share (cents)	11%	46.5	42.0	40.1
Distribution per share (cents)	67%	5.0	3.0	11.0

## CONDENSED SEGMENTAL REPORT for the six months ended 30 June 2007

(R'000)	Percentage increase	Unaudited 6 months to 30 June 2007	Unaudited 6 months to 30 June 2006	Audited 12 months to 31 Dec 2006
Revenue	15%	475 050	413 349	830 129
Education	15%	407 182	354 227	710 961
Resourcing	15%	67 868	59 122	119 168
Operating profit	30%	71 767	55 131	122 284
Education	28%	75 051	58 833	130 244
Resourcing	31%	13 966	10 678	20 393
Central administration	20%	(16 601)	(13 879)	(27 294)
Litigation expenses	30%	(649)	(501)	(1 059)

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT for the six months ended 30 June 2007

(R'000)	Percentage increase	Unaudited 6 months to 30 June 2007	Unaudited 6 months to 30 June 2006	Audited 12 months to 31 Dec 2006
Cash generated by operations	3	89 240	67 188	148 188
Generated by decrease in working capital		100 316	101 963	32 040
Cash generated by operating activities		189 556	169 151	180 228
Net interest received		7 204	3 171	5 539
Taxation paid		(21 657)	(12 253)	(46 767)
Capital distribution		(28 818)	(25 768)	(37 576)
Net cash inflow from operating activities		146 285	134 301	101 424
Net cash outflow from investing activities		(24 401)	(52 833)	(72 860)
Net cash (outflow)/inflow from financing activities		(3 973)	3 796	(5 053)
Net increase in cash and cash equivalents		117 911	85 264	23 511
Cash and cash equivalents at beginning of the period		59 462	35 969	35 969
Net foreign exchange differences on cash and cash equivalents		(25)	(8)	(18)
Cash and cash equivalents at end of the period		177 348	121 225	59 462
<b>Free operating cash flow before capex per share (cents)</b>		<b>55 043</b>	<b>40 210</b>	<b>89 278</b>
Net operating profit after taxation		1 263	1 172	2 154
Adjusted for non-cash IFRS and lease adjustments (after taxation)				
Net operating profit after taxation - adjusted for non-cash IFRS and lease adjustments		56 306	41 382	91 432
Other non-cash flow income statement items (after taxation)		(74)	(1 446)	(2 806)
Plus: depreciation and amortisation		16 187	12 912	27 001
Operating cash flow after taxation	37%	72 419	52 848	115 627
Plus: working capital changes		100 316	101 963	32 040
Free operating cash flow before capex		172 735	154 811	147 667
Weighted average number of shares in issue ('000)		371 297	368 188	367 996
Free operating cash flow before capex per share (cents)	11%	46.5	42.0	40.1

## NOTES TO THE FINANCIAL STATEMENTS for the six months ended 30 June 2007

**1. Significant accounting policies**

**1.1 Statement of compliance**  
The financial statements have been prepared using accounting policies that comply with International Financial Reporting Standards and are presented in accordance with IAS 34 ("Interim Financial Reporting"). The accounting policies and methods of computation are consistent with those applied in the previous year.

**1.2 Adoption of new Standards**  
IFRS 7, Financial Instruments: Disclosures ("IFRS 7") was adopted with effect from 1 January 2007. The adoption of this standard had no effect on the financial results and financial position of the Group.

(R'000)	Unaudited 6 months to 30 June 2007	Unaudited 6 months to 30 June 2006	Audited 12 months to 31 Dec 2006
Earnings attributable to equity holders of the parent per the income statement	53 508	38 646	86 332
Items excluded from headline earnings	(74)	(1 446)	(2 806)
Loss on disposal of investment	18	-	295
Profit on disposal of assets and businesses	(130)	(2 036)	(4 357)
Taxation applicable thereto	(112)	(2 036)	(4 062)
	38	590	1 256
<b>Headline earnings</b>	<b>53 434</b>	<b>37 200</b>	<b>83 526</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued) for the six months ended 30 June 2007

(R'000)	Unaudited 6 months to 30 June 2007	Unaudited 6 months to 30 June 2006	Audited 12 months to 31 Dec 2006
Reconciliation of profit before taxation to cash generated by operations			
Profit before taxation	78 971	58 302	127 823
Adjust for non-cash IFRS and lease adjustments (before taxation)	1 373	1 173	2 386
<b>Add back:</b>	<b>8 896</b>	<b>7 713</b>	<b>17 979</b>
Depreciation and amortisation	16 187	12 912	27 001
Net interest received	(7 204)	(3 171)	(5 539)
Other non-cashflow income statement items	(87)	(2 028)	(3 483)
<b>Cash generated by operations</b>	<b>89 240</b>	<b>67 188</b>	<b>148 188</b>

## DIRECTORS' COMMENTS ON RESULTS

**Overview**  
The directors are pleased to report another solid academic and operational performance for the six months ended 30 June 2007.  
On the academic front, a highlight was the registration of the Independent Institute of Education ("IIE") as a private higher education provider, which consolidated all of the Group's existing registrations into the Institute. The completion of the evaluation phase of the IIE's first academic quality audit by the audit directorate in the Higher Education Quality Committee of the Council for Higher Education of South Africa was another milestone. These developments underline the Group's commitment to academic quality and its growing role as a leader in education in the country.

The Board is of the view that sustainable financial success flows from ensuring a robust and sustainable academic and business model. Over the years the Group has invested heavily in academic resources, infrastructural capacity and academic material, and has included in the results announcement posted to shareholders an overview of the Group's sound and compliant academic governance structures. AdvTECH will continue to invest in these areas so as to broaden access to education, training and employment with concomitant growth in enrolments and career placements.

Profit for the period increased by 37% from R40,2 million to R55,0 million, yielding increases of 43% in headline earnings per share from 10.1 cents to 14.4 cents per share and of 67% in distributions from 3.0 cents to 5.0 cents per share. These headline figures are underpinned by continued real growth, strong cash flow and a sound balance sheet and reflect the robustness of the Group's business model and its inherent capacity for growth.

**Education**  
The Education division is a leader in the independent education sector and operates under the overarching academic leadership of the Independent Institute of Education. It includes the well-known brands Abbotts College, CrawfordSchools™, College Campus, Junior College, Rosebank College, Varsity College, Vega – The Brand Communications School, and the adult education and skills unit, Imfundo, which incorporates CCI.

The Education division increased revenues by 15% to R475,1 million and operating profit by 28% to R78,97 million. During the comparable period in 2006 operating profit of R58,3 million included termination costs arising from the Crawford Glenmore closure of R5,5 million. The operating margin improved from 17% to 18% for the period under review, illustrating the value of focusing and growing the Group's already successful operations.

**Resourcing**  
The Resourcing division's activities include recruitment, placement, temporary staffing, response handling and HR contracting. The portfolio includes the brands Brent Personnel, Cassel & Company, Communicate Personnel, Insource ICT, Inkokheli Appointments, Network Recruitment, Pro-Rec Recruitment and Vertex-Kapele.

Revenue for the six months increased by 15% to R67,9 million and operating profit by 31% to R14,0 million. However, during the comparable period in 2006, the division included revenue of R6,5 million and operating profit of R0,6 million from the subsequently sold bookshop business, with the effect that the growth in the recruitment business' revenue and operating profit was 29% and 39% respectively.

Demand for skilled staff remains high especially in the key focus areas of IT, finance and engineering, and the Group, which has developed a professional and trustworthy reputation, continues to gain market share.

**Central administration and litigation**  
The increase of 20% in central administration costs to R16,6 million reflects the continuing effect of the additional infrastructure and resources put in place in the second half of 2006 to accommodate the rapid growth of the Group. The rate of increase for the full year is expected to be appreciably lower.

Litigation expenses applicable to the Group's damages claims against the Welihockys were R0,6 million for the period (2006 – R0,5 million). The matter has now entered the discovery phase of trial and, despite continuing delaying tactics on behalf of the Welihockys, progress continues to be made. The Board Litigation Committee remains satisfied with the merits of the claims and that the Group has no exposure other than for ongoing legal costs which are expensed as incurred.

**Balance sheet and cash flow**  
The Balance Sheet has continued to strengthen as a result of the strong profitability and cash flow performance. Free cash flow generated before capex remains strong at 46.5 cents per share (2006 – 42.0 cents) although the rate of improvement has slowed as working capital improvements are nearing desired targets.

Cash generated by operating activities of R189,6 million (2006 – R169,2 million) enabled the Group to fund capital expenditure of R24,1 million (2006 – R42,0 million) and pay a capital distribution of R28,8 million (2006 – R25,8 million) from its own resources. Part of this cash flow accumulation is seasonal and, given the nature of the Group's business model and investment plans, a portion of the cash resources will be utilised during the second half of the year. It is expected that the Group will remain ungeared at year end.

**Capital distribution**  
The Board has resolved to declare an interim capital distribution out of share premium of 5.0 cents per share (2006 – 3.0 cents) in respect of the period ended 30 June 2007. The authority to make this payment to shareholders was obtained at the annual general meeting held on 22 May 2007.

Set out in the table below are the pro forma financial effects of the distribution on the Group's earnings per share, headline earnings per share, net asset value per share and net tangible asset value per share based on the Group's unaudited financial results as at and for the period ended 30 June 2007. The pro forma financial effects have been prepared for illustrative effects only and, because of their nature, they may not give a true reflection of the Group's financial position or results. The pro forma financial effects are the responsibility of the Company's directors.

	Before the distribution <sup>1</sup>	After the distribution	Percentage change
Earnings per share (cents)	14.4	14.3 <sup>2</sup>	(1)%
Headline earnings per share (cents)	14.4	14.2 <sup>2</sup>	(1)%
Weighted average number of shares in issue ('000)	371 297	371 297	-
Net asset value per share (cents)	90.1	85.4 <sup>3</sup>	(5)%
Net tangible asset value per share (cents)	87.8	83.0 <sup>3</sup>	(5)%
Number of shares in issue ('000)	393 665	393 665	-

- Notes:
1. Extracted from the unaudited financial results for the period ended 30 June 2007.
  2. The earnings and headline earnings per share figures in the "After the distribution" column have been based on the following assumptions:
    - the distribution was made on 1 January 2007; and
    - interest, at an average before tax rate of 8.8% per annum, was forfeited on the cash distributed.
  3. The net asset value and net tangible asset value per share figures in the "After the distribution" column have been based on the assumption that the distribution was made on 30 June 2007.

Set out in the table below are the salient dates and times applicable to the distribution:

	2007
Last day to trade in order to participate in the distribution on	Friday, 14 September
Trading commences ex-distribution on	Monday, 17 September
Record date on	Friday, 21 September
Payment date on	Tuesday, 25 September

Share certificates may not be dematerialised or rematerialised between Monday, 17 September 2007 and Friday, 21 September 2007, both days inclusive.

**Directorate**  
On 24 August 2007 Mr ER Shipalana and Dr FJ Coughlan were appointed as executive director and alternate director respectively.

**Prospects**  
The primary drivers of the success of AdvTECH lie in the quality academic and job placement experiences provided to the thousands of students and job candidates who choose to advance their careers with one of our AdvTECH brands. The continued significant increase in enrolments and placements are testament to this success and a major indicator of future sustainability and growth.

Accordingly, in the absence of any material change in economic conditions, the Group expects to deliver improved results and cash flow for the full year.

**MICHAEL SACKS** Chairman  
Johannesburg  
24 August 2007

**FRANK THOMPSON**  
Chief Executive Officer

**Directors:** MI Sacks\* (Chairman), FR Thompson (CEO), JDR Oesch (Financial), JNP Booysens, BD Buckham\*, JJ Deeb, CN Duff, DK Ferreira\*, DL Honey, JD Jansen\*, HR Levin\*, ER Shipalana, F Tito\*  
**Alternate Directors:** A Isaakidis, Dr FJ Coughlan  
**Group Company Secretary:** SC O'Connor  
**Registered office:** AdvTECH House, Inanda Greens, 54 Wierda Road West, Wierda Valley, Sandton  
**Transfer secretaries:** Link Market Services South Africa (Pty) Ltd, 11 Diagonal Street, Johannesburg 2001  
**Sponsor:** Bridge Capital Services (Pty) Ltd

## CONDENSED CONSOLIDATED BALANCE SHEET as at 30 June 2007

(R'000)	Unaudited 30 June 2007	Unaudited 30 June 2006	Audited 31 Dec 2006
<b>Assets</b>			
<b>Non-current assets</b>	<b>451 059</b>	<b>437 451</b>	<b>438 696</b>
Property, plant and equipment	404 222	387 643	395 859
Intangible asset	9 337	7 618	7 227
Investment	-	495	200
Deferred taxation assets	37 500	41 695	35 410
<b>Current assets</b>	<b>236 512</b>	<b>175 010</b>	<b>90 327</b>
Trade and other receivables	59 164	53 785	30 865
Cash and cash equivalents	177 348	121 225	59 462
<b>Total assets</b>	<b>687 571</b>	<b>612 461</b>	<b>529 023</b>
<b>Equity and liabilities</b>			
<b>Equity</b>	<b>357 793</b>	<b>290 422</b>	<b>328 628</b>
Attributable to equity holders of the parent	354 876	288 858	327 246
Minority interest	2 917	1 564	1 382
<b>Non-current interest bearing liabilities</b>	<b>7 956</b>	<b>18 322</b>	<b>11 000</b>
<b>Current liabilities</b>	<b>321 822</b>	<b>303 717</b>	<b>189 395</b>
Trade and other payables	128 254	119 422	135 013
Taxation	11 329	27 315	6 968
Fees received in advance	182 239	156 980	47 414
<b>Total equity and liabilities</b>	<b>687 571</b>	<b>612 461</b>	<b>529 023</b>

## SUPPLEMENTARY INFORMATION for the six months ended 30 June 2007

(R'000)	Unaudited 6 months to 30 June 2007	Unaudited 6 months to 30 June 2006	Audited 12 months to 31 Dec 2006
Capital expenditure – current period	24 063	41 958	65 497
Capital commitments – remainder of the year	44 290	56 768	-
– future years	-	-	131 694
Operating lease commitments in cash – future years	119 795	124 439	150 563

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the six months ended 30 June 2007

(R'000)	Balance at 1 January 2006	Ordinary share capital	Share premium	Share option reserve	Shares held by Share Incentive Trust	Retained earnings/ (accumulated loss)	Attributable to equity holders of the parent	Minority interest	Total equity
Balance at 1 January 2006	3 937	338 771	1 687	(8 863)	(49 991)	285 541	1 357	286 898	
Share-based payment expense				1 586		1 586		1 586	
Profit for the year					86 332	86 332	2 946	89 278	
Minority interest distribution							(2 921)	(2 921)	
Share options exercised				3 275		3 275		3 275	
Total recognised income and expense for the year	-	-	1 586	3 275	86 332	91 193	25	91 218	
Shares purchased by the Share Incentive Trust				(11 912)		(11 912)		(11 912)	
Capital distribution to shareholders				(37 576)		(37 576)		(37 576)	
<b>Balance at 31 December 2006</b>	<b>3 937</b>	<b>301 195</b>	<b>3 273</b>	<b>(17 500)</b>	<b>36 341</b>	<b>327 246</b>	<b>1 382</b>	<b>328 628</b>	
Share-based payment expense				991		991		991	
Profit for the period					53 508	53 508	1 535	55 043	
Share options exercised				1 949		1 949		1 949	
Total									